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Atari Online News, Etc.  
A-ONE Online Magazine  
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->From the Editor's Keyboard  
.....

"Saying it like it is!"

The law of averages always seems to catch up to us eventually. While it was a good week weather-wise, the heat and humidity were right up there again. Officially, a heat wave means at least three consecutive days of over 90 degree temperatures. Well, we had one here. I shouldn't really complain too much as the rest of the country seems to have been locked into high temperatures all summer long!

It hasn't been too bad on the weekends, though. I still manage to get the grass cut and I've been trying to finish putting down the remainder of that 10 yards of loam I had delivered last year. The last pile is getting smaller and smaller each weekend. And, the back yard is looking better with new grass growing where in years past, it was fairly bare. The veggies are coming up and the flower gardens are flourishing. That's always a good feeling! With the outside of the house doing pretty well, I'm working on plans for the inside. My wife wants to enlarge the kitchen, so I'm trying to busy myself drawing up some plans. I continue to be told that owning a house means there's always something that needs to be done. They weren't kidding! Then again, I'm not complaining.

It's hard to believe that it's August already! Where has the summer gone? I'm still amazed at how fast time moves along. Must be getting closer to being time for another vacation! Soon enough, thankfully. I need to be able to sit back and enjoy myself while I still can!

Well, speaking of sitting back and enjoying oneself, let's get to this week's issue once again and see what's going on in the world of Atari computing and the rest of the technological world of computers.

Until next time...

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Papyrus 9.2 Released

R.O.M. logicware has released Papyrus version 9.2 for Atari. Papyrus is one of the best word processing/ dtp/database programs for Atari.

For version 9.x there will be more upgrades, but R.O.M. logicware will never release a version 10 for Atari. Development for other platforms have priority and this is the reason that version 9.2 took so long.

<http://www.rom-logicware.com/index.htm>

### spareTIME/spareCALC Available!

Hi everyone,

The new version of spareTIME can now be downloaded from my website. spareTIME is a day planner/organizer software that was first available in 1997. I have received sources from the original author and now the new version is ready.

spareTIME has

- to-do-lists, regular dates, alarms,...
- plans for today which can be printed via GDOS or saved to disk
- all dialogs and alerts are displayed in windows
- customizable environment
- unlike the 1997 version, spareTIME is much more multitasking friendly
- long file names are fully supported now
- more modern look

spareTIME is accompanied by another program called spareCALC. spareCALC is a collection of calculators featuring a simulation of the APF Mark 21 pocket calculator. If you register for spareTIME you will receive alternate looks for spareCALC including Atari and Commodore calculators!

Both programs are from now on actively developed. There is also an English RSC but the English hypertext is not ready yet: I'm working on it :-)

So far I have tested spareTIME successfully under XaAES and MagiC 6.

<http://www.mypenguin.de/prg/sparetime.php3>  
Webshop: <http://www.mypenguin.de/prg/sparetime.php3>

Regards,  
Matthias Jaap

### STart and Creative Computing on the Web

I have several big announcements from [www.atarimagazines.com](http://www.atarimagazines.com)

The site now offers the full text of every issue of STart magazine. Published from 1986 to 1991, STart magazine was dedicated primarily to Atari ST computers, with some emphasis on Atari 8-bit computers in later issues.

In addition, the site now includes full-text articles from Creative Computing magazine. The archive currently offers the full text of 35

issues, spanning Creative Computing's final three years -- more than 1,100 articles. Published from 1974 until 1984, Creative Computing was a wonderful magazine for computer hobbyists that covered every platform. The archive includes articles written by Clive Sinclair, Adam Osborne, Bill Gates, and other notable names. We're looking for volunteers to help scan more articles from Creative Computing.

Finally, we have changed the name of the site from Digital Antic Project to Classic Computer Magazine Archive. Originally the site had only the full text of Antic magazine -- with the addition of SStart and Creative Computing, "Digital Antic" was an increasingly inaccurate name.

<http://www.atarimagazines.com>

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PEOPLE ARE TALKING  
compiled by Joe Mirando  
[joe@atarinews.org](mailto:joe@atarinews.org)

Hidi ho friends and neighbors. It's been hot and humid again this week and, as usually happens around this time of year, I'm getting accustomed to it. I can't say that I like it, but I'm getting used to it.

It's funny, but it happens every year, and every year it surprises me a little bit. No, I'm not surprised that the heat has less of an effect on me as the summer progresses. What surprises me is our ability to adapt. "The unexpected" still has a way of stopping us in our tracks, but plain, old fashioned "changes" barely slow us down anymore.

Do you realize that, for perhaps as much as three or four thousand years, the biggest innovation was the wheel? Yep. One day some very smart caveman woke up and thought about putting a couple of sections of felled tree under a box, and there ya have it.

Unfortunately, that was about the extent of technological advancement for a while. Sure, there were some innovations like an animal to pull the cart, and pottery vessels and such, but speed, convenience, and the amount of effort to complete a task stayed pretty much the same. And that's the way it stayed for millennia until quite recently (by historical standards), as a matter of fact.

Then came the industrial revolution, electricity, x-rays, radio, and a bunch of stuff that made our lives easier. So why is it that the average amount of time required to supply everything necessary for a family for a week is now around 50 hours, when our caveman ancestors required only about 20?

True, you can't just stick a hatchet or stone axe in a woolly mammoth's skull and be treated to food, clothing, jewelry, and weapons materials anymore, but it seems that we should be lightening our load, and we're not.

Heck, from the time the integrated circuit was invented, it took us

about thirty years to reach one gigahertz. And we've better than doubled that in just the past two years! That seems incredible to me, but the idea of actually carving circular wheels instead of using tree sections probably seemed like an incredible leap of technology to our early ancestors. I keep wondering if the integrated circuit is our "wheel", and what people will be saying about it (and us) millennia from now.

Perhaps in the year 7502 someone will "think" a column introduction across the galacti-net and muse about his unenlightened forebearers who used chemical combustion, nuclear fission, and simple binary instruction sets to go about completing tasks throughout their barbaric days.

Well, while we're waiting for our far-off progeny to pass judgement on us, let's take a look at the news, hints, tips, and info from the UseNet.

From the comp.sys.atari.st NewsGroup  
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Jerry Martin asks about a CDRom drive for his Falcon030:

"[I'm] Back after a long absence. Been away at college so have been separated from my beloved Falcon MK.X but things are changing! I recently got a copy of MagiC PC for my laptop which I am forced to use for college and it has made things much more pleasant! Old friends like Papyrus have been sorely missed!

Anyway, to my question: I recently stumbled across a working, almost-free, Plasmon RF4100 CD-Writer in a junk store. It's an external scsi beast and I intend to use it on my falcon back home. I've connecting it to my SCSI bus and I can read data CDs but I was wondering about which CD-Recorder software I should use.

At the moment my setup is: SCSI Bus: ID 4 - Plasmon RF4100 ID 5 - Matisha CDRom ID 6 - Iomega ZIP100

I am running MagiC 6.01 with the Spin CD driver and HDDriver 7

I have an 800MB internal hard disk which thanks to the beautiful simplicity and compact nature of atari software is almost 700MB free! ;)

So. I would like to be able to record data CDs and also to extract audio-CD tracks to burn compilations (for my own use). I would also like to record some of my own music CDs from minidisc recordings I have made but that is another days work. First if I could just get a basic CD setup working I would be happy.

Does the Plasmon support digital audio extraction?"

John Garone tells Jerry:

"Great CDWriter programs can be bought from the company below:

~~~~~  
Roger Burrows Email: anodyne@cyberus.ca Mail: Anodyne Software, 6  
Cobbler Court, Ottawa, Ontario K1V 0B8, CANADA Phone: (613) 523-7498

Dennis Vermeire adds:

"There are several packages available, my favourite is SoundPool's CD Recorder Pro 3.2, it's the most versatile one around and it's the only package which can burn CD's that are compliant with yellow and red book standard... <http://www.soundpool.de>

There's also a shareware package available called CD-Lab, it's quite limited compared to the SoundPool package but with this you can extract audio files and compile your own CD's, it also allows you to copy CD's in track at once and disk at once mode... (PSX, MAC, Copy protected PC crap etc...)

It's also the only package which runs under MagiC-PC and MagiCMac.  
<http://cdlab.atari.org>

Since the Plasmon CD-writer is very slow and hasn't got a buffer, you'll have to create an image first. Meaning that 700MB free space will barely be enough..."

Frank Szymanski adds his thoughts:

"I recommend ExtenDOS Gold/CD Writer Plus because this package is the only cd writer software available on an ATARI that handles long filenames.

SoundPool's CD recorder isn't supported any longer."

Edward Baiz chimes in:

"I use Extendos, CDBackup, CDWriter and CDISO. All work great for me."

Rory Street asks about the current state of the art for Atari:

"Just wondered how many coding projects were going on for the Atari ST/Falcon at the moment and what they are.

Also has anything new happened in the Operating System arena for the ST/Falcon family?"

Mark Duckworth tells Rory:

"OS: MagiC is at a standstill pretty much (even though it is still unstable at times), MiNT is in development, check out <http://www.freemint.de> for details on how to help, source, etc. MiNT is our best prospect!

Web browser (html engine for now) in development at <http://highwire.atari-users.net>, AtarIRC and AtarICQ are in development still too but are closed projects, and of course all of the demo crews are still at it."

Dan Ackerman adds his thoughts:

"That's part of them. However I definitely would count that as all of the active projects. Anyone scanning any of the major atari news web sites for a couple of weeks can see that there are quite a few things still going on out there. Unfortunately they aren't always well covered. It also should be noted that most Atari Programmers these days have more than one project they are working on so quite often one of these side projects pop out onto the scene. On average at the moment we are probably sitting around 2-3 new applications or updates to older ones per week at a minimum. I haven't done the exact math, but that's probably about correct. However it must also be noted that would be the average with some weeks having 1 or 2 and other 6 or more."

Walter Cole asks for help with his mouse:

"For no apparent reason, the mouse on my 1040STe suddenly stopped responding. Moving it with ALT/arrow keys is painful and inaccurate, Also I've forgotten how to simulate a right click from the keyboard. All connections seem OK. Do I have a hardware problem? Without the mouse I am pretty well crippled using my Atari and I am just about to dig into STeem to let me use my Atari apps and files on the PC."

Edward Baiz tells Walter:

"Atari mice are cheap. I would just get another one. Could be a bad connection."

Clayton Murray adds:

"To get a smaller movement from the "Alt-arrow" combination, also add the Shift key. Left click is Alt-Insert, and right click is Alt-Clr Home. Seems odd that it would completely stop working suddenly. Does ANYTHING work on it at all? Are you sure it's plugged in all the way? Is it plugged in to the correct port under the keyboard? It could be the mouse port itself. Have you unhooked the mouse to put in a joystick on the same port numerous times? The pins in the port can get pushed too far back into the port to be able to make a good connection. You could try taking the keyboard out, and visually comparing the two mouse joystick ports to be sure they look the same. If the pins got pushed in, they can be pushed back out, but it's a bother to take the keyboard apart. Can you borrow someone else's mouse to test your port? Try your mouse in their Atari.

To avoid the "moving pins" problem get a few of those 6" mouse extension cords, and you can just leave those plugged in, avoiding any extra wear on the ports. Works good for me."

Rob Jenkins asks about music software:

"I Actually own Steinberg cubeat, but would upgrade to cubase (if I couldn't find Cubase audio 16 for falcon).

Just wish to know if the software that I already have would work, if I got a machine."

Mark Phillips tells Rob:

"Steinberg UK still sell CAF for £199. Atari vendors may be cheaper though."

Rob replies:

"I e-mailed Steinberg UK the other day with the same question, they haven't gotten back to me yet."

I did ask them did they still stock atari versions of cubase, to which they replied they no longer stock, or support the atari version."

Mark tells Rob:

"It's on their website in the bargain section."

www.steinberguk.com Click on 'shop' then 'bargains'."

Well folks, that's it for this week. Tune in again next week, same time, same station, and be ready to listen to what they are saying when...

PEOPLE ARE TALKING

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->In This Week's Gaming Section - PlayStation Can Be "Chipped"!  
"~~~~~" Yell At Your Football Game!  
Sonic Library To Be Re-issued!

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->A-ONE's Game Console Industry News - The Latest Gaming News!  
"~~~~~"

### Court Says PlayStation Can Be 'Chipped' in Australia

An Australian court has given Sony PlayStation owners the right to "chip" their consoles to play imported and copied games, prompting cheers from the competition watchdog but sharp criticism from the Japanese firm.

The judgement by the Federal Court, handed down on Friday, contrasts with recent rulings in Britain and Canada, where Sony won copyright infringement cases against people using so-called mod chips to bypass regional coding.

Sony Computer Entertainment Australia, a unit of Sony Corp, said on Monday it was considering an appeal.

The Australian Competition and Consumer Commission (ACCC), however, hailed the ruling as a victory for consumers because regional coding of games -- and by extension DVDs -- limited consumer choice and access to competitively priced goods.

"Australian consumers can now enjoy games legitimately bought overseas, as well as authorized back-up copies, by legally having their games consoles chipped," ACCC chairman Allan Fels said in a statement titled "Game Over for Sony PlayStation."

The ACCC had intervened to support Sydney PlayStation retailer Eddy Stevens after he was sued by Sony for installing code-breaking chips in consoles and selling them.

In a separate case that has yet to be judged, Sony has also accused Stevens of selling pirated PlayStation games.

The electronics giant argues that regional coding, under which it sells different consoles to three geographically exclusive zones, prevents piracy.

But Justice Ronald Sackville of the Federal Court said Sony failed to prove that the regional coding was simply aimed at copyright protection, and that mod chips were therefore in breach of copyright legislation.

Sony Computer Entertainment Australia said it had the right to appeal and was in discussions with its parent company.

"We're obviously very disappointed," managing director Michael Ephraim told Reuters.

Ephraim lashed out at the ACCC for what he said were "misleading" and "distorted" comments to Australian consumers about competition and regional coding.

He said PlayStation 2 games sold in Australia at the same price as in the United States and at up to 20 percent less than in Britain.

The court case was purely about piracy, he said.

"Piracy is a major problem," Ephraim said.

Citing independent surveys, he said the cost of piracy to Australia's A\$680 million (US\$367 million) a year computer games industry amounted to A\$50 million per annum.

Pirated PlayStation 1 games sell on the black market for as little as A\$5 compared to a retail price of up to A\$49 while PlayStation 2 games can be bought for around A\$30, against the normal retail price of around A\$100.

The Sony executive said that rather than being designed for commercial motives, regional coding came about because of different television formats in Australia and the United States.

Furthermore, he said there was nothing in the court ruling that allowed consumers to legally play back-up copies, as suggested by ACCC chairman Fels.

"There is no such thing as an authorized back-up copy," Ephraim said. "The copyright act makes it clear that making back-up copies of games is illegal."

## Football Video Games Will Allow Players to Speak Their Piece

Technology has finally delivered.

Thanks to the Internet, you can now play football video games against people on the other side of the globe -- and yell at them as you play.

The market leaders in video games are set to launch new online versions of products that work on consoles such as Sony's PlayStation 2 and Microsoft's Xbox. At Microsoft -- whose NFL Fever 2003 next month will take on more established video games such as Electronic Arts' Madden 2003 -- they're bullish on their game's ability to let players use headsets to talk to each other as they play online. Says John Rodman, the lead product manager for sports games used in the Xbox: "'In early consumer testing, we found that's compelling. People like to trash talk.'"

The idea is to move video games from people on the same couch playing each other to people playing each other anywhere in the world. Presumably, consumer demand for that will pick up as more households get faster Internet access from broadband. Microsoft, which is marketing games to help sell its \$200 Xbox consoles, will charge \$50 annually for service to hook you up to play anyone with an Xbox.

But turning video games into global games doesn't mean you can't sweat the details anymore. Microsoft's Fever, which used NFL star Peyton Manning and University of Washington players as its player models, will allow you to (virtually) play football on the deck of an aircraft carrier or in an ancient Roman Coliseum. For fans of realism, you can play in modern-day stadiums where fans will leave early when games turn into blowouts. But, says Microsoft spokesman David Hufford, you wouldn't add touches like fans pelting players with snowballs: "'We have to be careful, because the NFL licenses our games.'"

## Sega to Reissue 'Sonic' Library for Nintendo

Japanese video game publisher Sega Corp. on Friday said it will issue a compilation disc of classic games from its hit "Sonic the Hedgehog" game franchise for Nintendo Co. Ltd.'s GameCube console.

Sega said the "Sonic Mega Collection" would come out this November for the GameCube, the newest game player console from Nintendo, a Sega rival in the late 1980s and early 1990s. Sega abandoned the console market last year to work exclusively as a publisher of video games after its latest game player, the Dreamcast, failed to successfully win market share from Sony Corp.'s PlayStation 2 and Nintendo 64.

The collection from Sega will include seven games: "Sonic the Hedgehog" 1, 2 and 3; "Sonic & Knuckles;" "Sonic 3D Blast;" "Sonic the Hedgehog Spinball" and "Dr. Robotnik's Mean Bean Machine."

The character, a blue hedgehog with spiky hair and a flair for rolling into a ball and traveling at high speeds, made his debut on Sega's Genesis console, which was the company's answer to the dominant NES and Super Nintendo systems of the day.

Sonic has become something of a mascot for Sega, though not to the level of the "Mario" character on which Nintendo built its fortunes.

Sega's "Sonic Adventure 2 Battle" has been a top seller for the GameCube, whose primary demographic audience of children in their early teen years and younger was a top audience for Sonic in the game's heyday.

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A-ONE's Headline News  
The Latest in Computer Technology News  
Compiled by: Dana P. Jacobson

#### Gateway Unveils Budget-Priced Pentium 4 Notebooks

Following up on its recent price-slashing strategy, Gateway unveiled a line of budget-priced notebook computers Monday. The notebooks are aimed at the education market and are equipped with Pentium 4 chips at very low prices, according to the company.

The Gateway 400 notebook boasts a 2.0 GHz desktop Pentium 4 processor, 14.1-inch active matrix screen, 20 GB hard drive, DVD drive, built-in modem and 256 MB of SDRAM. It sports a sticker price of less than US\$1,400 after a \$100 mail-in rebate.

In lieu of the rebate, the company is offering a free version of Microsoft Office XP Student/Teacher Edition for educators and students. The software includes MS Word, Outlook, PowerPoint and Excel.

Small-business owners can receive the same free offer if they choose Microsoft Office XP Small Business edition.

The top of the line is the Gateway 400 XL, with 40 GB of hard drive space, a 15-inch monitor and a CD-R/DVD combination drive, which sells for \$1,699.

"It's stronger, it's more megahertz per dollar, more performance for the same price point," Gateway vice president of mobile products Mike Stinson told NewsFactor, referring to the new product line.

If buyers wish to take advantage of wireless networks at home or school, an integrated wireless modem option that supports the 802.11b (Wi-Fi) standard can be added to any of the Gateway 400 notebooks for \$99.

Forrester research director Carl Howe told NewsFactor that he believes home wireless networks, among other features, will drive PC sales for the

remainder of this year and into 2003.

Howe likened home wireless networks to the wireless telephone, pointing out that consumers once spent time focused on where phone outlets were located and getting them installed.

Now, he said, "It's hard to find homes nowadays that don't have a wireless phone. I think the same trend is going to hold true for computer networking in homes."

After a disappointing second-quarter loss of \$58.5 million, compared with a \$20.7 million loss in the same period last year, the Poway, California-based company announced a pricing strategy that pushed higher value and lower prices for many of its computers.

That price-slashing strategy includes desktop PCs for as low as \$599 and notebooks for \$999, in a campaign to woo customers.

Calling the Gateway 400 series "very competitive" in terms of price, Alan Promisel, U.S. portable PC analyst at research firm IDC, told NewsFactor that the company has entered what he called the "desk-note" market.

Promisel said the trend toward using desktop processors in notebooks enables PC makers to offer high-performance notebooks at lower-than-average prices.

"Basically, at that price point you can move from one A/C-powered environment to the next," said Promisel. "It's going after the semi-mobile or not-so-mobile user -- education, consumers and the back-to-school consumer rush."

Promisel said he believes reduced prices alone will not spur consumer spending, but will help Gateway get its feet wet in an emerging market. But margins at this price level can be rather small, he pointed out.

"It will allow Gateway to get into this desk-note market, which has been slowly growing over the last several quarters," said Promisel.

#### HP Introduces New Line of Photo Printers

Computer and printer maker Hewlett-Packard Co. on Monday announced new photo printers that it said produce better looking prints than a traditional photo lab.

HP also rolled out three digital cameras that can be configured to alert friends and family automatically by e-mail about new photos and store the pictures temporarily on an HP Web site.

The system, dubbed Instant Share, has been available since May on a \$500 HP camera, but HP says it needed to offer the service at a lower price point for it to catch on big. The new cameras with the system, models 320, 620 and 720, start at \$179.

Hewlett-Packard, the No. 1 desktop printer maker, began a roll-out of a new line in June.

The four inkjet printers released on Monday are mid- to high-end, costing

\$179 to \$399, and intended primarily for printing digital photos, which HP sees as the key driver for future sales of its imaging and printing products.

The new printer models are 130, 7150, 7350 and 7550.

A study of 420 consumers by SpencerLab Digital Color Laboratory, an independent test company hired by HP, gave top marks to new HP printers using HP photo paper. Respondents preferred the HP print quality to traditional silver halide prints made by a local photo lab, SpencerLab said.

SpencerLab President David Spencer said in a telephone interview that some ink jet printers from competitors he would not name also produced pictures preferred to the traditional prints, although an HP printer had done best in the test.

HP's printer business is its most profitable division, thanks in large part to steady, hefty profits from the ink and paper supplies purchased for the printers, which HP sometimes sells at a loss, banking on future supplies sales.

New HP photo paper costs \$17.99 for 20 sheets sized 8-1/2 by 11 inches.

Images on the new paper would last up to 49 years in open air, longer than traditional prints, HP said.

#### AOL Unveils New 8.0 Software

America Online Inc. unveiled a test version of its upcoming AOL 8.0 software Wednesday, along with new search capabilities based on the popular Google search engine.

The 8.0 software, whose final version is expected in the fall, promises better parental and junk e-mail controls and easier ways to share and organize digital photos.

The announcement comes weeks after distant rival MSN from Microsoft Corp. launched a multimillion dollar redesign that it hopes will lure customers away from AOL.

The forthcoming MSN 8.0 package will allow users to easily send pictures in e-mail, pay bills electronically and, for parents, restrict what their children see on the Web and whom they e-mail.

The AOL software is formally in "beta" release, meaning it may still have bugs and interfere with other computer programs. Companies typically use the test period to let veteran users try out software and report problems to be fixed.

Meanwhile, AOL launched a new search feature that combines content from AOL's proprietary service with Web pages cataloged by Google. That feature is available now.

"AOL members can now search the equivalent of a stack of paper more than 140 miles high in less than half a second," said Sergey Brin, Google's co-founder and president of technology.

## Government Proposes Free E-Tax Filing

As many as 78 million taxpayers would be able to electronically file their tax returns free of charge next year under a proposal unveiled Wednesday by the Bush administration.

The plan was immediately praised by tax preparers and tax software publishers, which had feared that the government drive toward free online filing would bring the Internal Revenue Service directly into their line of work.

Instead, the plan envisions formation of a consortium composed of dozens of private companies to handle both preparation and online filing.

Ed Black, president and chief executive officer of the Computer and Communications Industry Association, said the agreement "represents the best in what the government and private sector can achieve when working in concert."

Under the plan, each tax preparation provider in the consortium must provide free services to at least 10 percent of taxpayers it serves. Exactly which taxpayers qualify would be up to the individual provider, but the services would all be available beginning Dec. 31 through the IRS Web site.

The goal is for 60 percent of tax returns to be filed for free next year, which translates to about 78 million, according to Treasury Department officials. Now, taxpayers usually pay a fee, averaging \$12.50, for online filing and that's on top of fees for preparation services or computer software.

This year, 46.5 million taxpayers filed their returns electronically, out of a total of 125.6 million received.

Treasury Secretary Paul O'Neill and White House Budget Director Mitch Daniels jointly announced the plan, which will be subject to change after a 30-day comment period.

"Paying taxes is burden enough. It's our duty to do anything we can to make the process simpler and fairer," Daniels said.

Congress has set the IRS a goal of having 80 percent of returns electronically filed by 2007. IRS Commissioner Charles Rossotti said taxpayers who e-file get their refunds twice as fast, make fewer errors and help cut down government paperwork and costs.

President Bush has also asked Congress to give taxpayers who e-file an extra 15 days to get their returns to the IRS, but lawmakers have yet to act on it.

## Microsoft Shifts Licensing Plan

Microsoft Corp. is about to complete the biggest change in five years in

the way that it sells its software to businesses with a system of locked-in upgrades and fixed payments that promises steadier revenue but has also rankled some smaller customers.

By Wednesday, the world's No. 1 software maker will have fully implemented the change in the way business customers pay for the right to use the latest versions of its software.

Chief Executive Steve Ballmer admitted that the shift in Microsoft's complex volume licensing practices, which it introduced five years ago, had sown some confusion.

"The fact that our customers probably didn't understand our licensing as well they might have earlier makes the transition and the perceived pain higher than it actually is," he told analysts at the company's Redmond, Washington headquarters last week. "So we're smarter for the experience, that's for sure."

Microsoft hopes to stabilize its income through multi-year contracts that promise to deliver regular updates through the new "Software Assurance" program.

Up to now, customers bought a license -- the right to use software -- and usually made one-time payments for an upgrade, often for a reduced price.

Under the new scheme, software buyers must decide whether to pay regular installments for the right to upgrade to the latest software at any time, or opt out of the plan and pay full price for a full-version software license later.

The change, closely watched by Microsoft's large customers, partners, investors and competitors, will mainly affect businesses that buy software in bulk, not consumers buying Microsoft products off the shelf or with a new computer.

Even so, the move has drawn complaints at a time when information technology budgets are under pressure and smaller firms are reluctant to upgrade to the latest Windows operating system, server system or desktop application, such as Office.

Most business customers will end up paying more for upgrades whether they sign on with the new program or not, "a reality that has drawn heavy fire from both customers and critics," said Paul DeGroot, an analyst at Directions on Microsoft, an independent research firm.

The changes have already had an impact on Microsoft's income structure, but analysts appear split over whether the shift will improve future visibility -- at a time when investors are demanding greater transparency in corporate bookkeeping.

At the close of its June-ended business year, Microsoft had \$7.7 billion in unearned revenue, up from \$5.6 billion a year earlier, which represents sales billed upfront. So far, 20 percent of this year's projected sales, mainly from multiyear agreements, has been booked as deferred revenue.

"It gives them a predictable revenue stream, something that a lot of other software vendors out there wanted for a long time," said Dwight Davis, an analyst at Summit Strategies.

Others say that there's a risk that the unearned revenue could be more

volatile than investors expect.

"You shouldn't expect that unearned revenue balance to grow anything close to what it did this year," Microsoft's Chief Financial Officer John Connors told analysts last week.

At the same time, analysts said the move would put a strain on Microsoft's resources since the software giant will have to deliver more timely updates -- a goal it has had some trouble with in the past.

"Software Assurance puts the pressure on Microsoft to deliver at least one 'must have' upgrade to key products such as Office during any three-year period," said DeGroot.

Microsoft has been encouraging customers to sign up for Software Assurance by offering favorable terms before the transition period ends on Wednesday.

But customer confusion over the new policies along with smaller IT budgets sparked a slew of complaints that forced Microsoft to delay the original deadline twice.

"The most common misunderstanding would be that customers felt that Software Assurance is a requirement," said Rebecca LaBrunerie, Microsoft's Licensing Program Manager.

"It's a choice," she said, adding that Microsoft has spent \$20 million in the last three months to promote the program.

While large enterprises have signed on, rivals say some smaller businesses have opted for source software, such as Linux ( news - web sites), which can be used and modified freely.

Demand for Linux "has just gone through the roof in recent months," said Diane Hagglund, Director of product management & marketing at Freshwater Software. Freshwater makes a Linux version of its Web system monitoring software.

Sun Microsystems Inc. , which began selling a competing product to Microsoft's Office suite, also reports some improving demand for its StarOffice product.

But Peter Houston, Director of Business Strategy at Microsoft's Windows Division, argues that the cost of maintenance and keeping up with industry standards would prove too costly for open-source users.

"We've asked people to take a deeper look and consider life-cycle costs," he said. "We're not seeing any significant movement away from Microsoft software."

#### Napster Future Seen Bleak After Bertelsmann Move

Napster just lost a good friend and its biggest supporter at the parent company that's been keeping it afloat.

With the resignation of Thomas Middelhoff as chief executive of Bertelsmann AG, the future looks even bleaker for the debt-riddled and lawsuit-plagued

music file swapping company, experts said on Monday.

"This can't bode well for Napster," said Peter Fader, a professor of marketing at the Wharton School at the University of Pennsylvania. "It's hard to see a scenario where Middelhoff goes but Napster stays."

Fader attributes the shake-up to "dot-com backlash" as Bertelsmann and other media companies tire of throwing money at unprofitable Internet companies.

"It's a shame to throw the baby out with the bath water and that's exactly what might be happening here," he said.

"People are either running scared or being pushed out," said one employee of an online music company who asked not to be named. "With respect to Napster, it could be the final nail in their coffin."

Middelhoff, considered a maverick at the conservative media giant, was forced out over the weekend, with the Gutersloh, German-based company citing differences of opinions on strategy.

He was focused on modernizing the company, which owns book publisher Random House, Pan-European broadcaster RTL Group SA, and BMG Entertainment, which includes RCA Records and Arista Records. He reportedly was aiming to take the company public in 2005 and he oversaw the acquisitions of music retailer CDNow and MyPlay, an online music storage service.

"I thought Thomas was an aggressive guy who took risks and tried to establish a clear vision," said Hilary Rosen, chief executive of the Recording Industry Association of America (RIAA). "He wasn't a great listener, though."

Bertelsmann's investment in Redwood City, California-based Napster was one of Middelhoff's more controversial moves.

"Middelhoff upset the status quo at BMG when he purchased Napster," said Tess Taylor, president of the National Association of Record Industry Professionals. "Napster has been sidelined not only by all the lawsuits, but by competitors. Even if they were able to revive it, Napster would have a lot of catching up to do."

Napster irked the recording companies by providing a way for people to share songs with each other. BMG Entertainment, along with Vivendi Universal, Sony Corp., AOL Time Warner and EMI Group Plc sued Napster in 1999 for enabling copyright infringement with its service.

A U.S. federal judge ordered Napster in July 2001 to shut down its service while the lawsuit proceeded. The service had about 60 million users worldwide at the time.

In the meantime, Napster has been developing a subscription-based commercial service and trying to get the labels to license their songs.

Bertelsmann invested in Napster in October 2000 and in May 2002 agreed to acquire Napster outright. As part of the deal, Napster filed for Chapter 11 bankruptcy protection.

Bertelsmann has reportedly spent about \$80 million keeping Napster afloat. Napster will still have to pay damages and royalties to the record companies before it can relaunch .

BMG also has invested in a fee-based online music service, MusicNet, with EMI, AOL Time Warner and RealNetworks Inc. that competes with a similar venture from Sony and Universal Music called Pressplay and rival Listen.com.

Those services face tough competition from free services that cropped up in Napster's wake, including Kazaa, Morpheus and Audio Galaxy, which will be harder to shut down since they don't have a centralized directory like Napster did.

Experts said the future of online music itself is in trouble. Earlier this month, AOL Time Warner Chief Operating Officer Robert Pittman and Vivendi Universal Chief Executive Jean-Marie Messier were pushed out of their jobs.

In July, Andy Schuon resigned as chief executive of PressPlay. At Bertelsmann, Andreas Schmidt, head of BMG's electronic commerce group and the man who oversaw the Napster deal, left late last year.

"This is an environment where you're competing against wholesale piracy and media companies don't have a lot of discretionary money available," Rosen said. "So, it's an uphill battle."

#### Is .NET Dead Yet?

Microsoft has generated so much hype about .NET that many are wondering whether the software giant's technology for connecting information, people, systems and devices can live up to its billing.

.NET uses XML (extensible markup language) Web services as building-block applications that connect to one another via the Internet. But customers have given the technology a lukewarm, if not downright cold, reception, leading many to question its future prospects.

Is Microsoft stumbling in the dark in its efforts to compete with Java, the Internet's native son?

Microsoft executives declined to comment about .NET's future, pointing only to customer case studies as evidence of successful implementations and of the benefits of XML Web services.

But analysts say .NET is not dead yet. In fact, .NET technology is maturing by the minute, and Microsoft is betting its entire next-generation software infrastructure on XML Web services tools.

Gartner analyst Mark Driver told the E-Commerce Times that the transition to .NET is not a question of if, but when.

".NET is the very beginning foundation, the building blocks on which Microsoft will base virtually its entire corporate strategy over the next five to 10 years," said Driver. "There is no forward migration or continued evolution of the existing infrastructure."

According to analysts, Microsoft has finally accepted that the Internet, particularly e-business, is an ecosystem in which it is unlikely to be a dominant force. Unix, Linux and mainframes are not going anywhere.

.NET is the underpinning of Microsoft's new model. And while it is

overhyped and largely immature, it is still the future.

The Visual Studio rollout in February was the watershed event that made .NET real for a mass audience of developers. In five years, analysts said they expect the vast majority of Microsoft-based solutions will be built almost entirely using .NET technologies.

So, where is the flood of deployments? It turns out that developers are taking an incremental approach to transitioning from legacy applications to .NET. Therefore, a hybrid model is likely to dominate for the first three years.

"All of the new-generation work is likely to be .NET-based, but there's not a lot of reason to rush out and rewrite thousands of lines of Visual Basic code overnight," said Driver. "We expect to see a module-by-module, subsystem-by-subsystem replacement over a longer period of time."

In order to drive deployment, experts noted, Microsoft must eat its own cooking, alleviating developer trepidation by building its own products based on .NET.

But Microsoft's biggest challenge will be keeping its tools easy to use while enabling developers to perform more complex tasks, according to Forrester Research analyst Joshua Walker.

"This is a skills shift for a lot of developers," Walker told the E-Commerce Times. "The question is, will Microsoft get the tools to their developers fast enough before they switch?"

Walker said the Java camp still has the advantage, with talented programmers who understand distributed computing. From that standpoint, the Java world need only make its tools easier to use in order to hold its favored position.

Going forward, analysts said they expect to see heavy competition between .NET and Java, although neither toolset will be marginalized.

"Don't expect .NET to be successful overnight," said Driver. "It's going to [be] a five-year transition, but it's inevitable. This is Microsoft's strategy of the future."

#### Web Site iVillage Says Bye-Bye to Most Pop-up Ads

Internet media company iVillage Inc., which targets women, is doing what most Web surfers have been craving for: it's going to ban most pop-up ads on its site by the end of September.

The company said the move was in response to feedback from a survey it conducted among its visitors that found 92.5 percent of its readers found pop-up ads to be the most frustrating feature of the Web.

"We have built iVillage by listening to what women want, and our move to eliminate pop-up advertising is a direct example of this," said Nancy Evans, co-founder and editor-in-chief at iVillage, in a statement.

A small number of pop-up-like ads may continue on the site but will be primarily tied to research and in-house subscription offerings and will

account for less than one percent of all ads running on iVillage, the company said.

The survey, conducted by iVillage with Vividence, showed that pop-up ads can generate high brand awareness but not always in a positive way, the company said in a statement.

"iVillage studies show that, while women on the iVillage site are receptive to various forms of advertising, such an intrusive ad can actually negatively impact the advertiser," the Internet media company said in a statement.

The company said it has been working closely with its advertisers to convert current pop-up ads into other formats to help yield higher results.

### U.S. Cyber Security Chief Lambastes Software Makers

President Bush's cybersecurity adviser on Wednesday told computer security experts that he blamed software makers for releasing programs laden with glitches and security holes that ultimately weaken the nation's Internet infrastructure.

Thousands of security professionals and hackers listened to Richard Clark, special adviser to the president for cybersecurity, at the annual Black Hat Security convention in Las Vegas, Nevada.

Clark also placed responsibility for security on ISPs, hardware makers, wireless network users, and on the government itself.

Clark told attendees that the software industry had an obligation to create software that works. "It's no longer acceptable that we can buy software and run software that is filled with glitches on sensitive systems," Clark said.

The speech was seen as a preview of the administration's release of its computer infrastructure protection program, slated for mid-September. Appointed to the position in November 2001 by Secretary of Homeland Security Thomas Ridge, Clark was charged with responsibility for locating and closing security holes on the Internet.

As part of his presentation, Clark explained that the number of known software vulnerabilities has increased tremendously over the years, and pointed to statistics from the Computer Emergency Response Team (CERT) that show this year's totals to already have reached those of 2001.

According to CERT, 2,437 vulnerabilities were reported in 2001, while 2,148 have been reported in the first two quarters of this year.

Julie Giera, Giga Group vice president of research for IT services, told NewsFactor she agreed that security among software makers has taken a back seat to features and functionality.

"I also think the pace of technology's change -- what's going on with telecoms and some of the underlying weaknesses in telecommunications protocols -- contributes to the problem," said Giera.

Clark highlighted the damage done last year by the Nimba virus, and

pointed out that the virus was able to spread using known security holes. He urged software makers to release patches that are easily installed and that have been tested for compatibility with other software, which is what he said stalled Nimba fixes.

The future of such attacks does not appear encouraging. A recent Gartner (NYSE: IT - news) study predicted that 90 percent of cyberattacks, by 2005, will exploit security flaws for which a patch is available or a solution known.

The study showed that losses from the Code Red and Nimda viruses -- estimated to be in the billions -- could have been averted had the patches been installed. "Even though developers are plugging the holes, customers aren't necessarily installing them," Giera confirmed.

According to Giera, software makers should release small, frequent updates that can be easily tested and installed, as opposed to "monster releases" that can take months to complete.

"If you're the IT guy, you're being bombarded with 200 fixes from 200 different software [packages] that are installed somewhere in your enterprise," Giera explained.

ISPs that sell customers broadband access without the proper security setup also had Clark's attention yesterday. In wiring millions of homes for high-speed Internet access without requiring the use of firewalls or other protective devices, ISPs are creating vulnerabilities, Clark said.

Wireless networks also put computers and systems at risk, said Clark, who noted that companies with wireless local area networks (WLANs) often have systems that are nearly wide open.

As an example, Clark said that the Department of Defense discontinued use of its WLANs, both within the department itself and in various military branches.

### Bush Adviser Encourages Hacking

A presidential advisor encouraged the nation's top computer security professionals and hackers Wednesday to try to break computer programs, but said they might need protection from the legal wrath of software makers.

Richard Clarke, President Bush's computer security advisor, told hackers at the Black Hat conference that most security holes in software are not found by the software maker.

"Some of us, here in this room, have an obligation to find the vulnerabilities," Clarke said.

Clarke said the hackers should be responsible about reporting the programming mistakes. A hacker should contact the software maker first, he said, then go to the government if the software maker doesn't respond soon.

Hackers commonly share their findings with others in their community through e-mail lists or Web sites. But how much they should disclose is an ongoing debate among computer security professionals. Some argue that full disclosure is best, while others say a hacker should only warn that a

problem exists without showing how to take advantage of it.

Clarke said hackers shouldn't help criminals by showing how to exploit a programming bug before the software maker has a chance to fix the problem by issuing a patch, or fix.

"It's irresponsible and sometimes extremely damaging to release information before the patch is out," Clarke said.

Companies differ in their response to independent researchers. While some encourage or even reward bug-hunters, others are more concerned about the possibility of extortion or embarrassment to the company. In some instances, they seek civil or criminal charges against the hacker.

Clarke said that situation is "very disappointing," as long as the hacker acts in good faith.

"If there are legal protections they don't have that they need, we need to look at that," he said.

#### Internet-Scam Sweep Targets 19 Online Fraudsters

Federal and state law enforcement authorities said on Tuesday they had taken action against 19 Internet-based scams that they say bilked consumers out of millions of dollars.

Work-at home schemes, auction fraud, unwanted junk e-mail, securities fraud and other schemes were targeted by a nationwide effort that involved state attorneys general, local law enforcement authorities, and a number of federal agencies.

Several cases have been settled already, with punishments ranging from jail time to agreements by defendants to stop their schemes.

While many of the perpetrators live in the Midwest, the crimes targeted consumers nationwide through junk e-mail solicitations or fraud on eBay, Yahoo and other popular Internet auction sites, according to a spokeswoman for the Federal Trade Commission.

In one case, a Florida company named Stuffingforcash.com told consumers they could earn up to \$2,000 per week stuffing envelopes at home after paying an initial \$45 deposit, but then failed to send the promised envelope-stuffing materials.

The scheme likely cheated tens of thousands of customers out of more than \$2 million over the past year, the FTC said in court filings.

Auction fraud accounted for half of the cases. In a typical case, the Illinois attorney general charged Chicago resident Tim Engle with advertising merchandise for sale on eBay but failing to provide the goods after payment was received.

Two Missouri residents engaged in similar activity were sentenced to 12 years in prison for theft and writing bad checks.

The operation shows that efforts to coordinate state, local and national

law-enforcement agencies is beginning to bear fruit, said C. Steven Baker, director of the FTC's Midwest operations.

Prosecutors mined a vast, nationwide database of consumer complaints to track down perpetrators. A separate database of 15 million junk "spam" e-mails submitted by consumers also came in handy, Baker said.

"We're the only place in the world that wants spam," Baker said.

Consumers can forward spam to [uce@ftc.gov](mailto:uce@ftc.gov), he said, adding that similar broad sweeps are currently underway across the country.

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